

AMENDED IN ASSEMBLY MAY 26, 2005
AMENDED IN ASSEMBLY MAY 3, 2005
AMENDED IN ASSEMBLY APRIL 20, 2005
AMENDED IN ASSEMBLY MARCH 30, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 117

Introduced by Assembly Member Cohn

January 13, 2005

An act to add Section 14133.06 to the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

AB 117, as amended, Cohn. Medi-Cal: treatment authorization requests; *requests: strategic plan*.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and pursuant to which health care services are provided to qualified low-income persons.

Under existing law, one of the utilization controls to which services are subject under the Medi-Cal program is the treatment authorization request (TAR) process, which is approval by a department consultant of a specified service in advance of the rendering of that service based upon a determination of medical necessity.

~~This bill would require the department to establish a centralized treatment authorization request operation or to standardize the criteria to be used in the approval of the requests.~~

This bill would require the department, in conjunction with appropriate stakeholders, to prepare a strategic plan, that includes;

~~among other things, the identification of one centralized office location in California to process TARs for purposes of the Medi-Cal program. The bill would require the department incorporation of the e-TAR system in use at several field offices into all field offices and a report on the progress of implementing an expedited TAR short form for emergencies to quickly respond to emergency situations, and to submit a report on the this plan to the Legislature on or before July 1, 2006.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The treatment authorization request (TAR) process used
- 4 under the Medi-Cal program was established as a utilization tool
- 5 to control health care costs and prevent fraud and unnecessary
- 6 care by requiring prior authority for certain treatments.
- 7 (b) As part of the utilization control, Medi-Cal providers are
- 8 required to obtain prior authorization for a range of services that
- 9 may include, but are not limited to, certain inpatient care, nursing
- 10 facility services, home health services, medical transportation,
- 11 durable medical equipment, hospice, and physician services.
- 12 (c) Over the years, delays in TAR reviews have created a
- 13 retroactive system.
- 14 (d) TAR denials have increased in recent years resulting in
- 15 corresponding increases in appeals.
- 16 (e) The Medi-Cal Policy Institute examined the TAR process
- 17 in its report, Medi-Cal Treatment Authorizations and Claims
- 18 Processing: Improving Efficiency and Access to Care, and
- 19 suggested a number of changes in the TAR system.
- 20 (f) A major finding in the report of the Medi-Cal Policy
- 21 Institute states that the TAR process is manual, paper intensive,
- 22 and complex. Other findings include:
- 23 (1) Processing approvals and denials under the Medi-Cal TAR
- 24 system takes significantly longer than under prior authorization
- 25 systems of other payers such as health maintenance
- 26 organizations.

(2) There is no established timeframe for TAR turnaround, except for pharmacy TARs.

(3) TAR reports do not include certain categories such as deferred TARs for onsite visits and state hospital “paperless” TARs.

(4) In response, physicians interviewed for the report, stated that their Medi-Cal patients have been put at medical risk because of preauthorization delays caused by the following:

(A) Medi-Cal medical reviewers’ inability to evaluate urgent medical situations in a timely manner.

(B) Medi-Cal medical reviewers’ difficulty in determining whether or not certain procedures are medically necessary.

(C) Requests for additional information for justification.

(5) There is shifting of the processing of TARs from counties with high workloads, such as Los Angeles, to counties with low workloads.

(6) There is an e-TAR system in place to process TARs in a more timely manner.

SEC. 2. Section 14133.06 is added to the Welfare and Institutions Code, to read:

14133.06. (a) The Legislature finds and declares ~~all~~ *both* of the following:

(1) The lack of uniform guidelines for processing treatment authorization requests (TARs) has resulted in inconsistent decisions in which one case may be approved while a similarly situated case may be denied.

~~(2) Centralizing the field offices into one location and standardizing the approval rate is cost-effective for the state and beneficial for all hospitals and health systems and should be accomplished by December 1, 2006.~~

~~(3)~~

(2) The need to change the TAR system was recognized by both the Medi-Cal Policy Institute in its report, Medi-Cal Treatment Authorizations and Claims Processing: Improving Efficiency and Access to Care, and in the 2005 California Performance Review.

(b) On or before July 1, 2006, the department shall prepare, in conjunction with appropriate stakeholders, a strategic plan and submit a report on the plan to the Legislature. The strategic plan shall include ~~all~~ *both* of the following:

1 ~~(1) The identification of one centralized office location in~~
2 ~~California to process TARs for the Medi-Cal program.~~

3 ~~(2) An exit strategy to close the six field offices that process~~
4 ~~TARs, as of December 1, 2006, and combine TAR services~~
5 ~~provided by those offices into the centralized office identified in~~
6 ~~paragraph (1).~~

7 ~~(3)~~

8 ~~(1) The incorporation of the e-TAR system in use at several~~
9 ~~field offices, as of December 30, 2006, into the one centralized~~
10 ~~office identified in paragraph (1).~~ *field offices into all field offices*
11 ~~by January 1, 2007.~~

12 ~~(4)~~

13 ~~(2) A report on the progress of implementing an expedited~~
14 ~~TAR short form for emergencies, by January 1, 2007, to quickly~~
15 ~~respond to emergency situations.~~